Agreement For Water And Wastewater Service Westlake Village

This Agreement is entered into this <u>22</u> day of December, 2000 by and between Westlake Utility Service Company, an Illinois corporation. (hereinafter referred to as "Seller"), and Utilities, Inc., an Illinois corporation (hereinafter referred to as "Utility").

WITNESSETH

WHEREAS the Seller is the owner of a complete water and wastewater utility system which has been installed to provide central water and wastewater service to approximately 572 single-family dwelling units and 144 condominium dwelling units in Winnebago County, Illinois, hereinafter referred to as "Service Area" and more fully described in Exhibit 1 attached hereto, and

WHEREAS, Utility is engaged through its operating subsidiaries in the business of furnishing water and wastewater service to the public in various communities throughout the United States, and Purchaser desires to acquire, and Seller desires to sell the water supply, storage and distribution facilities, as well as the wastewater collection and treatment facilities (herenafter collectively referred to as the "Facilities") installed to provide service to the Service Area, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants as hereinafter set forth, the parties hereto agree as follows:

ARTICLE I Representations by Seller

Seller represents and warrants that:

- Seller is, and at the closing (the "Closing" as hereinafter defined) a corporation duly incorporated, validly existing and in good standing under the laws of the State of Illinois. Seller's Certificate of Incorporation contains charter powers authorizing them to construct, operate and maintain a public water system.
- 2) Seller has obtained from the Illinois Commerce Commission (hereinafter referred to as the "Commission") a Certificate of PublicConvenience and Necessity, and authorization and approval of rates, rules and regulations for water and wastewater service within the Service Area.
- 3) Seller will cooperate fully with Purchaser in any and all applications or petitions to public authorities deemed necessary or desirable by Purchaser in connection with the purchase of the Facilities from Seller as contemplated herein.
- Attached hereto as Exhibit 2 is a detailed list of the Facilities of the Seller, as well as a legal description of the real estate upon which the Facilities are situated, to be acquired by Purchaser pursuant to this Agreement. Exhibit 2 will also include the respective

installation, construction or purchase costs of the Facilities and associated real estate.

Said Facilities include all water and wastewater utility assets, equipment and real estate or other entity acceptable to Porchaser 13 downed by Seller within the Service Area, All Facilities as indicated on Exhibit 2 will be in satisfactory operating condition as of the date of Closing

- 5) The engineering plans and specifications for the Facilities have been attached hereto as Exhibit 3.
- 6) Exhibit 4 is a list, signed by the Seller, and briefly describing, as of the date of this Agreement, the following:
 - (a) All pending or threatened action at law, suits in equity or administrative proceedings relating to the Facilities and/or involving Seller;
 - (b) All contracts or obligations of any nature relating to the Facilities between Seller and any other party, including all developer agreements relating to the Service Area.
 - (c) All liens and encumbrances with respect to the Facilities owned by Seller to be transferred hereunder.
- 7) Except as indicated in Exhibit 4, there are no pending or threatened actions at law or suits in equity relating to the Facilities, or any pending or threatened proceedings before the Commission or any other governmental agency.
- 8) Except as indicated in Exhibit 4, there are no contracts or obligations of any nature between Seller and any other party relating to the Facilities.
- 9) Except as indicated in Exhibit 4, Seller is, and at the Closing, the owner of the Facilities with good and marketable title, free and clear of all liens and encumbrances.
- 10) Except as indicated in Exhibit 4, Seller has, or at the Closing will have, all necessary permits, licenses and all easements (including sufficient rights to access) for its water and wastewater utility business as currently operated; the Facilities of Seller have been installed within the easements relating thereto and in accordance with any necessary permits or licenses; the Facilities of Seller have been constructed and will be capable of operation in accordance with at least the minimum standards, requirements, rules and regulations of all governmental bodies, and regulatory agencies which may have jurisdiction thereover.
- 11) Except as indicated on Exhibit 4, Seller has filed all tax returns which are required to be filed, and each such return which has been filed is true and correct, and Seller has paid all taxes shown as payable on such returns, when and as required by applicable law.
- 12) Neither Seller nor any entity or individual affiliated with Seller has executed any agreement with purchasers of lots within the Service Area, or any other parties, whereunder such purchasers or other parties have acquired any interest in the Facilities used or to be used in rendering service to them.

- 13) Between the date hereof and the Closing, the water utility business of Seller will be operated in the ordinary course and Seller will permit Purchaser, its attorneys and agents, to examine Seller's books, accounts, and other records and physical properties relating to the Facilities.
- 14) Prior to the Closing, the consummation of the transactions contemplated herein will have been duly authorized by all necessary action, corporate or otherwise, on behalf of Seller.
- 15) Except as herein set forth, all of the easements, permits and other contracts of Seller with respect to the Facilities are assignable or, if consent of a third party is necessary, Seller will obtain such consent, prior to the Closing.
- 16) No representation or warranty by Seller in this Agreement, or any statement or certificate furnished or to be furnished to Purchaser pursuant hereto or in connection with the transactions contemplated herein, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE II Representations By PUrchaser

Purchaser represents and warrants that:

- Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, with full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated herein. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action of Purchaser.
- 2) Purchaser shall timely file a petition (the "Petition") before the Commission for transferof Seller's water utility franchise subject to the terms and conditions of this Agreement and shall use its best efforts to seek such approval.
- Purchaser agrees to reserve all currently unused capacity of the Facilities conveyed to Purchaser by this sale for use by the 714 dwelling units within the Property contemplated to be served under this Agreement. Should Purchaser voluntarily elect to add additional capacity to the Facilities, Purchaser agrees to grant William Charles Investments, Inc. and Westlake Village Limited Partnership the first option to utilitize said additional capacity, provided, however, that Purchaser shall not have any obligation to make deferred payments as specified under Article III, Paragraph 2, herein, for those connections utilizing said additional capacity.

ARTICLE III CLOSING AND PURCHASE PRICE

1) Closing

- (a) The Closing shall take place within thirty (30) days of approval of the Petition by the Commission at the offices of Seller's counsel, or at such other time and place as Seller and Purchaser may agree upon.
- (b) At the Closing, the Seller will, upon due performance by Purchaser of its obligations under the Agreement, deliver to Purchaser:
 - (i) such good and sufficient special warranty deeds, bills of sale with covenants of warranty, and sufficient instruments of sale, in form and substance satisfactory to Purchaser's counsel, as shall be required to vest in Purchaser good, indefeasible and marketable title to all of the Facilities and related real estate used or to be used for the water and wastewater facilities, free and clear of liens and encumbrances of every nature except as otherwise indicated on the title insurance policy described in paragraph (iv).
 - (ii) all of the files, documents, papers, agreements, books of account, customer lists, original cost invoices, engineering drawings, and records pertaining to the water utility business conducted by Seller in the Service Area, other than its minute books and stock records, and any other records reasonably needed by Seller;
 - (iii) all orders, permits, licenses or certificates issued or granted to Seller by any governmental authority in connection with any authorization related to the construction, operation or maintenance of its Facilities or the conduct of its water and wastewater utility business; and
 - (iv) a title insurance policy in an amount of \$25,000 for all of the real estate listed on Exhibit 2 showing good and marketable title in Purchaser, subject only to the standard title exceptions, and such other exceptions as are reasonably acceptable to Purchaser. In the event there are title exceptions which are not acceptable to Purchaser, this Agreement shall terminate and neither party shall have any further obligations hereunder.
 - (v) An opinion of Counsel for Seller, dated as of the Closing, that upon the execution of this Agreement by Seller and delivery to Purchaser of the Bill of Sale for the Facilities (other than real estate) Purchaser will have all of Seller's title to the Facilities (other than real estate) free and clear of any liens and encumbrances reflected by a filing under the Illinois Uniform Commercial Code with the Department of State, as of a date no earlier than ten days prior to the Closing.

(c) At the Closing and from time to time thereafter, Seller shall execute and deliver such further instruments of sale, conveyance, transfer and assignment, and take such other action as Purchaser may request, in order more effectively to sell, convey, transfer and assign to Purchaser any of the Seller's Facilities, to confirm the title of Purchaser thereto and to assist Purchaser in exercising rights with respect thereto.

2) Purchase Consideration

At Closing, Purchaser shall reimburse Seller by the amount of any current and/or accrued customer accounts receivable (which Seller represents and warrants will be collected at their face amount) transferred by Seller to Purchaser and decreased by any and all liabilities (current, accrued, long-term or other) assumed by Purchaser. Property Taxes (real and personal), shall be pro-rated based on the date of Closing and on the tax assessments and tax rates in effect for the previous year.

In addition, Purchaser shall pay Seller, deferred payments of \$2,500.00 (TWO THOUSAND FIVE DOLLARS), for each new single-family dwelling unit within the Service Area which attaches to the Facilities after Closing and begins taking service thereby. Payment for apartment buildings will be based on the number of bedrooms therein. A one bedroom apartment unit will count as 1/3 of a single-family dwelling unit; a two bedroom apartment unit will count as 2/3 of a single-family dwelling unit; and three or more bedroom units will count as the equivalent of a single-family dwelling unit. The deferred payments shall begin for all new dwelling units connecting to the Facilities and taking service thereby beginning November 15, 2000. If more than new ten single-family dwelling units connect to the system between November 15, 2000 and the date of Closing, Purchaser and Seller agree to reach an equitable agreement regarding payment for those connections eleven and over. The deferred payments shall remain an obligation of Purchaser for a period of ten years after the date this Agreement.

ARTICLE IV Commission Approval

Within thirty (30) days following execution of this Agreement, Purchaser will file a Petition with the Commission requesting approval of this Agreement; transfer of the Facilities and the Public Utility Franchise; and approval of the rates, fees, and charges applicable to water and waster utility customers in the Service Area. Purchaser agrees not to seek authorization from the Commission to establish a tap-on charge or similar connection fee. The parties agree to cooperate fully with each other in connection with the applications referenced herein

ARTICLE Y GENERAL

- 1) The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance by either party shall not be construed as a general waiver or relinquishment on its part of any such provisions, but the same shall, nevertheless, be and remain in full force and effect.
- 2) Any notice of delivery required to be made hereunder may be made by mailing a copy thereof addressed to the appropriate party as follows:

If to Purchaser:

Utilities, Inc.

2335 Sanders Road Northbrook, IL 60062 Attn: Jim Camaren

Chairman & Chief Executive Officer

If to Seller:

Westlake Utility Service Company

4920 Forest Hill Road Loves Park, IL 61111 Attn: Mr. Timothy Jagielski

Delivery when made by registered or certified mail, shall be deemed complete upon mailing.

- 3) The Exhibits to this Agreement are a part hereof and are hereby incorporated in full by reference.
- This Agreement shall be governed by the laws of the State of Illinois.
- The representations and warranties contained herein shall survive, and continue in effect after the Closing. Purchaser agrees to indemnify Seller, its successors and assigns, and hold it harmless against any loss, damage, liability, expense or cost accruing or resulting from any misrepresentation or breach of any representation, warranty or agreement on the part of Purchaser under this Agreement or from any misrepresentation in or material omission from any certificate or other document furnished or to be furnished to Seller by Purchaser; Seller agrees to indemnify Purchaser, its successors and assigns, and hold it harmless against any loss, damage, liability, expense or cost, accruing or resulting from any misrepresentation or breach of any representation, or warranty or agreement made or to be performed by Seller under this Agreement or from any misrepresentation in or material omission from any certificate or other documents furnished or to be furnished to Purchaser by Seller.
- 6) If this Agreement is not executed by both Purchaser and Seller prior to December 28, 2000, then the terms and conditions herein are waived with no further obligations or responsibility to either party.

7) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. It is specifically understood that Purchaser intends to transfer its rights and obligations under this Agreement to a separate whollyowned subsidiary of Utilities, Inc.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year above first written.

UTILITIES, INC.

ATTEST:	By Chairman & Chief Executive Officer
i ACONDECOD.	Westlake Utility Service Company By Sh Hohstron
ATTEST:	

PARCEL A

The North 1/2 of the Southeast 1/4, the Southeast 1/4 of the Northwest 1/4 and the Northeast 1/4, all being in Section 25. Township 27 North. Range 10 East of the 4th Principal Keridian. ALSO, part of the Northeast 1/4 of the Northwest 1/4 of Section 25. Township 27 North. Range 10 East of the 4th Principal Keridian bounded and described as follows: Beginning at the Northeast corner of the Northwest 1/4 of Section 25: thence South 00 degrees 32 minutes 58 seconds East. along the East line of the Northwest 1/4, a distance of 1,319.29 feet to the South line of the Northwest 1/4 of the Northwest 1/4; thence South 89 degrees 41 minutes 26 seconds West, along said line. 746.76 feet: thence North 00 degrees 53 minutes 52 seconds West 1,320.53 feet to the North line of the Northwest 1/4; thence North 89 degrees 47 minutes 08 seconds East, along said line 747.12 feet to the point of beginning; situated in the County of Hinnebago and the State of Illinois.

PARCEL B

The Northeast Quarter (1/4) of the Southwest Quarter (1/4) of Section Twenty-five (25), Township Twenty-seven (27) North, Range Ten (10) East of the Fourth (4th) Principal Meridian; simuted in the County of Winnebago and State of Illinois.

PARCEL C

Part of the South 1/2 of the Southwest 1/4 of Section 25, in Township 27 North, Range 10 East of the 4th Principal Meridian, bounded and described as follows: Beginning at the Southwest corner of said Section; thence North 00 degrees, 53 minutes, 49 seconds West, along the West line of said Sectio, 923.35 feet; thence North 89 degrees 01 minutes 18 seconds East 100.74 feet; thence North 29 degrees 56 minutes, 47 seconds East 116.79 feet; thence North 39 degrees 43 minutes, 37 seconds East 116.79 feet; thence North 49 degrees 30 minutes, 27 seconds East 116.79 feet; thence North 59 degrees, 17 minutes, 17 seconds East 116.79 feet; thence North 69 degrees, 04 minutes, 07 seconds East 116.79 feet; thence North 00 degrees 30 minutes 08 seconds West 35.04 feet to the North line of the South 1/2 of said Southwest 1/4; thence North 89 degrees 29 minutes 52 seconds East, along said line, 1,012.26 feet to the East line of the West seven acres of the Southeant 1/4 of said Southwest 1/4; thence South 00 degrees 53 minutes 24 seconds East, along said line, 1,321,02 feet to the South line of said Southwest 1/4; thence South 89 degrees 23 minutes 59 seconds West, along said line, 1,550.03 feet to the point of beginning; situated in the County of Winnebago and the State of Illinois,

PARCEL D

Part of the South 1/2 of the South 1/2 of Section 25, in Township 27 North, Range 10 East of the 4th Principal Meridian, bounded and described as follows: Beginning at a point on the South line of the Southwest 1/4 of Section 25 which bears South 89 degrees 23 minutes 59 seconds West 717.07 feet from the Southeast corner of said Southwest 1/4; thence South 89 degrees 23 minutes 59 seconds West, along the South line of the Southwest 1/4, a distance of 371.38 feet to the East line of the West seven (7) acres of the Southeast 1/4 of the Southwest 1/4 of Section 25; thence North 00 degrees 53 minutes 24 seconds West. along said line, 1321.02 feet to the North line of the Southeast 1/4 of the Southwest 1/4 of Section 25; theace North 89 degrees 29 minutes 52 seconds East, along said line, 1088.62 feet to the East line of the Southwest 1/4 of Section 25; thence North 89 degrees 30 minutes 13 seconds East, along the North line of the Southwest 1/4 of the Southeast 1/4; a distance of 659.75 feet to the East line of the West 1/2 of the Southwest 1/4 of the Southeast 1/4; thence South 00 degrees 52 minutes 48 seconds East, along said line. 1089.11 feet; thence South 78 degrees 53 minutes 59 seconds West 46.95 feet; thence South 81 degrees 14 minutes 10 seconds West 89.71 feet; thence South 83 degrees 34 minutes 22 seconds West 89.71 feet; thence South 85 degrees 54 minutes 33 seconds West 89.71 feet, thence South 88 degrees 14 minutes 45 seconds West 89.71 feet; thence North 89 degrees 25 minutes 04 seconds West 89.71 feet; thence North 87 degrees 04 minutes 53 seconds West 89.71 feet; thence North 85 degrees 16 minutes 33 seconds West 86.87 feet; thence North 85 degrees 08 minutes 45 seconds West 85.00 feet; thence North 85 degrees 26 minutes 01 seconds West 82.32 feet; thence South 89 decrees 56 minutes 28 seconds West 77.36 feet; thence South 83 degrees 56 minutes 48 seconds West 77.36 feet; thence South 77 degrees 57 minutes 09 seconds West 77.36 feet; thence South 71 degrees 57 minutes 29 seconds West 77,36 feet; thence South 65 degrees 57 minutes 50 seconds West 77.36 feet; thence 59 degrees 58 minutes 11 seconds West 77.36 feet; thence South 52 degrees 28 minutes 11 seconds West 116.16 feet; thence South 47 degrees 43 minutes 24 seconds West 6.29 feet to 2 point which is 33.00 feet perpendicularly distant North from the centerline of Smith Road; thence South 60 degrees 39 minutes 29 seconds East 34.18 feet to the point of beginning, situated in the County of Winnebago, and State of Illinois.

PARCEL E

Part of the Northeast Quarter 1/4 of Section 36, Township 27 North, Range 10 East of the 4th Principal Meridian, described as follows: Beginning at the Northeast corner of said Northeast Quarter of Section 36, and running thence South 00 degrees 00 minutes 00 seconds East, on and along the East line of said Northeast Quarter of Section 36, a distance of 1584.00 feet to a point; thence North 89 degrees 41 minutes 30 seconds West, parallel with the North line of said Northeast Quarter of Section 36, a distance of 1039.80 feet to a point; thence North 00 degrees 29 minutes 39 seconds East, a distance of 1441.98 feet to a point; thence South 89 degrees 41 minutes 30 seconds East, a distance of 28.60 feet to a point; thence North 00 degrees 18 minutes 30 seconds East, a distance of 142.00 feet to a point on the North line of said Northeast Quarter of Section 36; thence South 89 degrees 41 minutes 30 seconds East, on and along last named line a distance of 998.00 feet to the point of beginning, containing 37.47 acres, subject to that land used for public road purposes, situated in the Township of Pecatonica, County of Winnebago and the State of Illinois.

The North 13 acres of the West 1/2 of the Southwest 1/4 of Fractional Section 30, Township 27 North, Range 11 East of the 4th Principal Meridian. Also, part of the West 1/2 of the Northwest 1/4 of Fractional Section 31, Township 27 North, Range 11 East of the 4th Principal Meridian, bounded and described as follows: Beginning at the Northwest corner of the Northwest 1/4; thence North 88 degrees 19 minutes 23 seconds East, along the North line of the Northwest 1/4, a distance of 440.00 feet; thence South 00 degrees 50 minutes 43 seconds East 2049.36 feet; thence South 38 degrees 24 minutes 55 seconds East 754.37 feet to the South line of the Northwest 1/4; thence South 88 degrees 18 numbers 04 seconds West, along said line, 900.00 feet to the Southwest corner of the Northwest 1/4; thence North 00 degrees 50 minutes 43 seconds West along said line, 2,625.15 feet to the Northwest corner of the Northeast 1/4 of Section 36, Township 27 North, Range 10 East of the 4th Principal Meridian; thence North 00 degrees 52 minutes 16 seconds West, along the West line of the Northwest 1/4 of Section 31, a distance of 29.15 feet to the point of beginning, situated in the County of Winnebago and the State of Illinois.

PARCEL G

Part of the South 1/2 of the Southeast 1/4 of Section 25, in Township 27 North, Range 10 East of the 4th Principal Meridian, bounded and described as follows: Beginning at the Southeast corner of the Southeast 1/4; thence South 89 degrees 24 minutes 42 seconds West, along the South line of the Southeast 1/4, a distance of 1390.92 feet; thence North 01 degrees 15 minutes 39 seconds West 45.83 feet; thence North 15 degrees 22 minutes 08 seconds West 355.38 feet; thence South 69 degrees 33 minutes 14 seconds West 89.71 feet; thence South 71 degrees 53 minutes 25 seconds West 89.71 feet; thence South 74 degrees 13 minutes 36 seconds West 89.71 feet; thence South 76 degrees 33 minutes 48 seconds West 89.71 feet; thence South 78 degrees 53 minutes 59 seconds West 42.76 feet to the West line of the East 1/2 of the Southwest 1/4 of the Southeast 1/4 of Section 25; thence North 00 degrees 52 minutes 48 seconds West, along said line, 1089.11 feet to the North line of the South 1/2 of the Southeast 1/4 of Section 25; thence North 89 degrees 30 minutes 13 seconds East, along said line, 1979.24 feet to the East line of the Southeast 1/4 of Section 25; thence South 00 degrees 52 minutes 16 seconds East, along said line, 1314.91 feet to the point of beginning, containing 56.469 acros, more or less, and situated in the County of Winnebago and State of Illinois.

PARCEL H

Part of Section 36. Township 27 North, Range 10 East of the 4th P.M. bounded and described as follows: Commencing at the Northeast corner of said Section; thence South 60 degrees 30 minutes 43 seconds East, along said line, 1,584,00 feet to the Northeast corner of premises conveyed by Ben and Harrier Busack to Leland and Norma L. Hore by Warranty Deed dated February 11, 1957 and recorded in Book 1036 on Page 373 and to the point of beginning; thence South 89 degrees 24 minutes 42 seconds West, along the North line of said premises, 287,67 feet to the Northwest corner of said premises; thence South 00 degrees 50 minutes 43 seconds East, along the West line of said premises 1,042,44 feet; thence South 00 degrees 59 minutes 10 seconds East, along the West of line of said premises, 17.54 feet to the Southwest corner of said premises; thence North 89 degrees 24 minutes 42 seconds East, along the South line of said premises, 287.67 feet to the Southeast corner of said premises and to the East line of the Southeast 1/4 of Section 36; thence South 00 degrees 59 minutes 10 seconds East, along said line, 61.99 feet to the Southeast corner of premises conveyed by Muriel and Homer Pringley to Katherine Jelinek and Daniel L. Kuhn by Warranty Deed dated September 16, 1976 and recorded as Microfilm No. 76-222-1285; thence South 89 degrees 09 minutes 34 seconds West, along the South line of said premises, 2,135.36 feet to the East line of premises conveyed by William P. and Barbara K. Pringley to Elsie E. Kleffel by Warranty Deed dated June 14, 1964 and recorded in Book 1520 on Page 440; thence North 00 degrees 59 minutes 35 seconds West, along said line, 30.82 feet to the Northeast comer of said premises and to the South line of the North 1/2 of Section 36; thence South 89 degrees 09 minutes 34 seconds West, along said line, 1,133, 74 feet to the East line of the West 120 acres of the North 14 of Section 36 and the East line of premises conveyed by Martin and Helen Doty to Charles Doty (senior deed) by Warranty Deed dated May 1, 1888 and recorded in Book 131 on Page 200; thence North 01 degrees 04 minutes 03 seconds West, along said line. 1,056.01 feet to the North line of the South 40 acres of the West 100 rods of the East 200 rods of the North 1/2 of Section 36 and to the North line of premises conveyed by John A. Brown to Martin Doty (senior deed) by Warranty Deed dated March 17, 1377 and recorded in Book 102 on Page 464; thence North 89 degrees 09 minutes 34 seconds East, along said line, 1,640.19 feet to the Northeast corner of said premises; thence South 00 degrees 50 minutes 43 seconds East, along the East line of said premises, 4.48 feet to the North line of the South 40 acres of the East 100 acres of the Northeast 1/4 of Section 36 and to the North line of premises conveyed by Abram L. and Mary E. Brown to Martin Doty (senior deed) by Warranty Deed dated March 17, 1877 and recorded in Book 102 on Page 465; thence North 89 degrees 09 minutes 34 seconds East, along said line, 1,653.52 feet to the Northeast corner of said premises and to the East line of the Northeast 1/4 of Section 36; thence South 00 degrees 50 minutes 43 seconds East, along said line, 10.37 feet to the point of beginning; situated in the County of Winnebago and the State of Illinois.